

PHOKWANE MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2010

PHOKWANE MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 26
Notes on the Financial Statements	27 - 56
 APPENDIXES - Unaudited	
A Schedule of External Loans	57
B Analysis of Property, Plant and Equipment	58
C (1) Segmental Analysis of Property, Plant and Equipment (Municipal Votes)	59
C (2) Segmental Analysis of Property, Plant and Equipment (GFS)	60
D (1) Segmental Statement of Financial Performance (Municipal Votes)	61
D (2) Segmental Statement of Financial Performance (GFS)	62
E (1) Actual Versus Budget (Revenue and Expenditure)(Municipal Votes)	63
E (2) Actual Versus Budget (Revenue and Expenditure) (GFS)	64
E (3) Actual Versus Budget (Acquisition of Property, Plant and Equipment)(Votes)	65
E (4) Actual Versus Budget (Acquisition of Property, Plant and Equipment)(GFS)	66
F Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	67

PHOKWANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

NATURE OF BUSINESS

Phokwane Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Phokwane Municipality includes the following areas:

Pampierstad, Hartswater, Jan Kemp Settlement and the Farming Areas. The geographical area is approximately 835km in extent and accommodates approximately 61314 people (Census 2001). It is a peri-urban area with serious socio-economic challenges versus unemployment, high rate of poverty, low skilled workforce and serious basic service infrastructure challenges such as roads, sewer network, housing and water services.

MEMBERS OF THE EXECUTIVE COMMITTEE

V Khen (Chairperson)
E Adams
D Modimogale
P Nel

MEMBERS OF SUB-COMMITTEES

E Adams - Chairperson: Social & Community Services
D Modimogale - Chairperson: Corporate & Development Services
H Modiakgotla - Chairperson: Budget & Treasury Services
R Gaebee - Chairperson: Technical & Engineering Services

MUNICIPAL MANAGER

MP Dichaba

CHIEF FINANCIAL OFFICER

TP Sediti

REGISTERED OFFICE

24 Hertzog Street
Hartswater
8570

AUDITORS

Auditor-General
P O Box 5103
Kimberley

PRINCIPLE BANKERS

ABSA

ATTORNEYS

On assignment appointments

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

PHOKWANE MUNICIPALITY

MEMBERS OF THE PHOKWANE MUNICIPALITY

WARD	COUNCILLOR
1	SM Motshabe
2	M Modimogale
3	FO Pitso
4	SS Paul
5	MM Gill
6	KD Mashorie
7	HM Modiakgotla
8	EL Adams
9	S Mooketsi
Proportional	V Khen
Proportional	DM Moeketsi
Proportional	S Arends
Proportional	RR Gaebee
Proportional	SM Raadt
Proportional	PJ Nel
Proportional	GJ Visser
Proportional	S Lewis
Proportional	BG Modise

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 67 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Municipal Manager

Date

PHOKWANE MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		152 791 169	107 604 398
Accumulated Surplus		152 791 169	107 604 398
Non-Current Liabilities		9 710 941	10 489 274
Long-term Liabilities	3	1 373 201	2 835 037
Non-Current Employee Benefits	4	8 337 740	7 654 237
Current Liabilities		84 133 744	32 176 683
Consumer Deposits	6	1 626 234	1 592 574
Current Employee Benefits	7	3 824 366	2 310 874
Trade and other payables	8	30 850 723	14 135 772
Unspent Conditional Government Grants and Receipts	9	4 484 938	6 067 671
Cash and Cash Equivalents	19	41 884 868	6 812 206
Current Portion of Long-term Liabilities	3	1 462 614	1 257 586
Total Net Assets and Liabilities		246 635 853	150 270 355
ASSETS			
Non-Current Assets		135 166 875	120 638 396
Property, Plant and Equipment	11	132 846 853	118 256 006
Non-Current Assets Held for Sale	12	1 000 000	1 000 000
Investment Property	13	1 308 186	1 382 389
Intangible Assets	14	11 833	-
Long-Term Receivables	15	-	-
Current Assets		111 468 979	29 631 959
Inventory	16	853 520	898 101
Trade Receivables from exchange transactions	17	69 391 880	2 180 250
Other Receivables from non-exchange transactions	18	10 147 023	9 100 987
Unpaid Conditional Government Grants and Receipts	9	6 748 770	2 600 678
Taxes	10	6 934 043	6 486 816
Current Portion of Long-term Receivables	15	-	1 080
Cash and Cash Equivalents	19	17 393 743	8 364 046
Total Assets		246 635 853	150 270 355

PHOKWANE MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
REVENUE			
Revenue from Non-exchange Transactions		80 352 183.31	64 669 724
Taxation Revenue			
Property taxes	20	6 446 453	5 409 815
Transfer Revenue		73 756 867	58 386 463
Government Grants and Subsidies	21	73 756 867	58 386 463
Other Revenue		148 863	873 446
Fines		148 863	315 016
Actuarial Gains	4	-	558 430
Revenue from Exchange Transactions		69 358 047	52 404 124
Service Charges	22	57 513 915	43 880 138
Rental of Facilities and Equipment		221 246	93 218
Interest Earned - external investments		547 873	1 306 961
Interest Earned - outstanding debtors		5 873 581	4 414 251
Licences and Permits		1 612 185	1 922 950
Income for Agency Services		694 948	-
Other Income	23	2 894 299	786 606
Total Revenue		149 710 231	117 073 848
EXPENDITURE			
Employee related costs	24	29 353 821	25 756 488
Remuneration of Councillors	25	4 119 204	3 705 224
Debt Impairment	26	3 674 105	18 353 488
Depreciation and Amortisation		12 089 554	9 939 156
Repairs and Maintenance		3 865 148	584 246
Finance Charges	27	987 682	401 896
Actuarial losses	4	-	-
Bulk Purchases	28	31 354 452	19 304 933
Contracted services		1 274 907	852 954
Grants and Subsidies Paid	29	1 639 263	2 791 228
Other Operating Grant Expenditure		-	3 778 210
General Expenses	30	16 165 323	17 148 084
Total Expenditure		104 523 460	102 615 905
Operating Surplus for the Year		45 186 771	14 457 943
Loss on disposal of Property, Plant and Equipment		-	-
Gain on disposal of Property, Plant and Equipment		-	863 376
NET SURPLUS/(DEFICIT) FOR THE YEAR		45 186 771	15 321 319
Refer to Appendix D(1) for explanation of budget variances			

PHOKWANE MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 30 JUNE 2008	86 204 560	86 204 560
Correction of error - Note 32.04	6 078 519	6 078 519
Balance at 1 JULY 2008	92 283 079	92 283 079
Net Surplus for the year as stated previously	21 814 007	21 814 007
Correction of error - Note 32.05	580 030	580 030
Correction of error - Note 32.03	(7 072 718)	(7 072 718)
	-	-
Balance at 30 JUNE 2009	107 604 398	107 604 398
Net Surplus/(Deficit) for the year	45 186 771	45 186 771
Balance at 30 JUNE 2010	152 791 169	152 791 169

PHOKWANE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		66 761 689	86 919 882
Cash paid to suppliers and employees		(70 398 326)	(73 461 603)
Cash generated by operations	34	(3 636 637)	13 458 279
Interest Received		6 421 454	5 721 213
Interest Paid		(987 682)	(401 896)
Net Cash from Operating Activities		1 797 136	18 777 596
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(26 604 467)	(20 566 049)
Proceeds on Disposal of Fixed Assets		-	863 376
Increase in Intangible Assets		(13 565)	-
Increase in Investment Properties		-	(296 400)
Decrease in Long-term Receivables		1 080	-
Net Cash from Investing Activities		(26 616 953)	(19 999 072)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(1 256 808)	(1 083 137)
Increase in Consumer Deposits		33 660	111 259
Net Cash from Financing Activities		(1 223 148)	(971 878)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(26 042 965)	(2 193 353)
Cash and Cash Equivalents at the beginning of the year		1 551 841	3 745 193
Cash and Cash Equivalents at the end of the year	35	(24 491 125)	1 551 841
NET INCREASE IN CASH AND CASH EQUIVALENTS		(26 042 966)	(2 193 353)

INSERT ACCOUNTING POLICY

PHOKWANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
2 NET ASSET RESERVES		
RESERVES		
Capital Replacement Reserve	-	-
Capitalisation Reserve	-	-
Government Grant Reserve	-	-
Total Net Asset Reserve and Liabilities	-	-

3 LONG TERM LIABILITIES		
Sinking Fund loan from ABSA	1 000 000	1 000 000
Government Loans : Other	1 207 271	2 251 119
Capitalised Lease Liability - At amortised cost	628 544	841 503
	2 835 815	4 092 623
Less: Current Portion transferred to Current Liabilities	1 462 614	1 257 586
Government Loans : Other	1 207 271	1 044 626
Capitalised Lease Liability - At amortised cost	255 343	212 960
	1 373 201	2 835 037
Total Long-term Liabilities - At amortised cost using the effective interest rate method	1 373 201	2 835 037

The obligations under government loans are scheduled below:

	Minimum loan payments	
Amounts payable under loans:		
Payable within one year	1 305 312	1 305 316
Payable within two to five years	-	1 304 868
	1 305 312	2 610 184
Less: Future finance obligations	(98 041)	(359 065)
Present value of loan obligations	1 207 271	2 251 119

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	332 554	315 683
Payable within two to five years	412 439	744 993
	744 993	1 060 676
Less: Future finance obligations	(116 449)	(219 173)
Present value of lease obligations	628 544	841 503

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 11

4 NON-CURRENT EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	7 153 637	6 592 312
Long Service Awards - Refer to Note 4.2	1 184 103	1 061 925
Total Non-current Employee Benefits	8 337 740	7 654 237
Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50		

	2010 R	2009 R
<u>Post Retirement Benefits</u>		
Balance 1 July	6 863 656	6 647 152
Contribution for the year	853 596	972 435
Expenditure for the year	(271 344)	(246 648)
Actuarial Loss/(Gain)	-	(509 283)
Total post retirement benefits 30 June	7 445 908	6 863 656
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(292 271)	(271 344)
Balance 30 June	7 153 637	6 592 312

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

<u>Long Service Awards</u>		
Balance 1 July	1 290 847	1 243 715
Contribution for the year	293 439	280 865
Expenditure for the year	(228 922)	(184 586)
Actuarial Loss/(Gain)	-	(49 147)
Total long service 30 June	1 355 364	1 290 847
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(171 261)	(228 922)
Balance 30 June	1 184 103	1 061 925

<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	8 154 503	7 890 867
Contribution for the year	1 147 035	1 253 300
Expenditure for the year	(500 266)	(431 234)
Actuarial Loss/(Gain)	-	(558 430)
Total employee benefits 30 June	8 801 272	8 154 503
Less: Transfer of Current Portion to Current Employee Benefits - Note 7	(463 532)	(500 266)
Balance 30 June	8 337 740	7 654 237

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	73	60
Continuation members (e.g. Retirees, widows, orphans)	15	14
Total Members	88	74

The liability in respect of past service has been estimated to be as follows:

In-service members	3 390 636	2 808 384
Continuation members	4 055 272	4 055 272
Total Liability	7 445 908	6 863 656

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed;
LA Health;
Key Health;
SAMWU Medical Aid and
Medshield.

The Future-service Cost for the ensuing year is estimated to be R 255 431, whereas the Interest Cost for the next year is estimated to be R 672 363.

Key actuarial assumptions used:	2010 %	2009 %
i) Rate of interest		
Discount rate	9.21	9.21
Health Care Cost Inflation Rate	7.71	7.71
Net Effective Discount Rate	1.39	1.39

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	7 445 908	6 863 656
Net liability/(asset)	7 445 908	6 863 656
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	6 863 656	6 647 152
Total expenses	582 252	725 787
Current service cost	233 897	264 094
Interest Cost	619 699	708 341
Benefits Paid	(271 344)	(246 648)
Actuarial (gains)/losses	-	(509 283)
Present value of fund obligation at the end of the year	7 445 908	6 863 656
Less: Transfer of Current Portion - Note 7	(292 271)	(271 344)
Balance 30 June	7 153 637	17 096 098

4

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	3.391	4.055	7.446	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	3.475	4.508	7.983	16%
Health care inflation	-1%	2.289	3.665	5.954	-13%
Post-retirement mortality	-1 year	2.898	4.203	7.101	3%
Average retirement age	-1 year	3.050	4.055	7.106	4%
Withdrawal Rate	-50%	9.841	4.055	7.234	5%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 58 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R204 090, whereas the Interest cost for the next year is estimated to be R114 573.

Key actuarial assumptions used:	%	%
i) Rate of interest		
Discount rate	9.01	9.01
General Salary Inflation (long-term)	6.62	6.62
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.24	2.24

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 355 364	1 290 847
Net liability	1 355 364	1 290 847

	2010 R	2009 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 290 847	1 243 715
Total expenses	64 517	96 279
Current service cost	187 221	154 176
Interest Cost	106 218	126 689
Benefits Paid	(228 922)	(184 586)
Actuarial (gains)/losses	-	(49 147)
Present value of fund obligation at the end of the year	1 355 364	1 290 847
Less: Transfer of Current Portion - Note	(171 261)	(228 922)
Balance 30 June	1 184 103	1 061 925

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.355	
General salary inflation	1%	1.365	6%
General salary inflation	-1%	1.223	-5%
Average retirement age	-2 yrs	1.141	-12%
Average retirement age	2 yrs	1.396	8%
Withdrawal rates	-50%	1.442	12%

4.3 Retirement funds

CAPE JOINT PENSION FUND

This fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R182,733 (R 200,209) million with a funding level of 106,5% (107,1%), and is in a sound financial state as at 30 June 2008.

CAPE RETIREMENT FUND

This fund comprises a defined benefit section and a defined contribution section. The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined contribution section the last valuation performed for the year ended 30 June 2009 (30 June 2008) revealed that the fund had an actuarial surplus of R12,033 (R 20,22) million with a funding level of 103,3% (105,3%) and is in a sound financial position as at 30 June 2008.

MUNICIPAL COUNCILLORS PENSION FUND

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%). The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

5 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	-	-
Total Non-current provisions	-	-

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 49

6 CONSUMER DEPOSITS

Electricity and Water	1 626 234	1 592 574
Total Consumer Deposits	1 626 234	1 592 574

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

CURRENT EMPLOYEE BENEFITS

	2010 R	2009 R
Staff Leave	2 848 536	1 298 310
Employee bonuses	512 299	512 299
Current Portion of Non-Current Employee benefits	463 532	500 266
Current Portion of Post Retirement Benefits - Note 4	292 271	271 344
Current Portion of Long-Service Awards - Note 4	171 261	228 922
Total Provisions	3 824 366	2 310 874

The movement in current provisions are reconciled as follows:

Post Retirement Benefits

Balance at beginning of year	271 344	246 648
Adjustment from non-current	20 927	24 696
Balance at end of year	292 271	271 344

Long-service Awards

Balance at beginning of year	228 922	184 586
Adjustment from non-current	(57 661)	44 336
Balance at end of year	171 261	228 922

Staff Leave

Balance at beginning of year	1 298 310	1 198 302
Contribution to provision	1 601 369	208 825
Payments made during the year	(51 142)	(108 817)
Balance at end of year	2 848 536	1 298 310

Employee Bonuses

Balance at beginning of year	512 299	-
Contribution to provision	-	512 299
Expenditure incurred	-	-
Balance at end of year	512 299	512 299

TOTAL - CURRENT EMPLOYEE BENEFITS

Balance at beginning of year	2 310 874	1 629 536
Adjustment from non-current	(36 734)	69 032
Contribution to provision	1 601 369	721 124
Expenditure incurred	(51 142)	(108 817)
Balance at end of year	3 824 366	2 310 874

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan Information

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50

TRADE AND OTHER PAYABLES

Trade Payables	3 462 705	7 402 154
Payments received in advance	-	1 189 971
Other Creditors	27 360 318	5 529 712
Deposits: Other	27 700	13 935
Total Trade Payables	30 850 723	14 135 772

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

		2010 R	2009 R
9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
9.01	<i>Conditional Grants from other spheres of Government</i>		
	Unspent Grants		
	National and Provincial Government Grants	4 484 938	6 067 671
		4 484 938	6 067 671
	Less: Unpaid Grants		
	National and Provincial Government Grants	6 748 770	2 600 678
		6 748 770	2 600 678
	Total Conditional Grants and Receipts	(2 263 832)	3 466 993
	See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
10	TAXES		
	VAT Receivable	6 934 043	6 486 816
	VAT is payable/receivable on the cash basis.		

Please replace this page with the Property, Plant and Equipment note

		2010 R	2009 R
12	NON-CURRENT ASSETS HELD FOR SALE		
	Non-current assets held for sale at beginning of year - at book value	1 000 000	1 000 000
	Non-current assets sold/written off during the year	1 000 000	1 000 000
		-	-
	Non-current assets held for sale at end of year - at book value	1 000 000	1 000 000
	The Municipality is in process of selling Erf 440. A possible buyer has been identified namely Cosmic Gold, the property has not been transferred.		
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50		
13	INVESTMENT PROPERTY		
	Investment property as at 30 June	1 308 186	1 382 389
	Net Carrying amount at 1 July	1 382 389	1 340 568
	Cost	1 708 206	1 411 806
	Accumulated Depreciation	(325 817)	(71 238)
	Acquisitions	-	296 400
	Correction of error	-	(246 190)
	Depreciation for the year	(74 203)	(8 390)
	Net Carrying amount at 30 June	1 308 186	1 382 389
	Cost	1 708 206	1 708 206
	Accumulated Depreciation	(400 020)	(325 817)
	The fair value of Investment Properties is estimated at:	1 708 206	1 382 389
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50		
14	INTANGIBLE ASSETS		
	Net Carrying amount at 1 July	-	-
	Change in Accounting Policy - Transfer from Property, Plant and Equipment		
	Cost	-	-
	Acquisitions	13 565	
	Amortisation	(1 732)	
	Disposals	-	
	Net Carrying amount at 30 June	11 833	-
	Cost	13 565	
	Accumulated amortisation	(1 732)	
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50		

		2010 R	2009 R
15	LONG TERM RECEIVABLES		
	Car loans - At amortised cost	-	1 080
	Less: Current portion transferred to current receivables	-	1 080
	Total Long Term Receivables	-	-
	The amount outstanding is in respect of interest outstanding on one loan.		
16	INVENTORY		
	Consumable stores, raw materials, work in progress and finished goods	853 520	318 071
	Correction of prior period error on repairs and maintenance expenditure - Note 32.05	-	580 030
	Total Inventory	853 520	898 101
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 50		
17	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE		
	Service Receivables		
	Electricity	5 052 814	3 843 199
	Water	22 523 326	17 073 638
	Housing Rentals	37 030	42 208
	Refuse	14 222 831	10 732 596
	Sewerage	22 835 573	17 661 483
	Other Consumer Arrears	65 769 823	9 446 589
	Other Recoverable Arrears	2 562 613	3 318 562
	Total Service Receivables	133 004 010	62 118 276
	Provision for Impairments	(63 612 130)	(59 938 025)
	Net Service Receivables	69 391 880	2 180 250
	The fair value of receivables approximate their carrying value.		
	(Electricity): Ageing		
	Current (0 - 30 days)	2 164 662	1 595 017
	31 - 60 Days	619 208	361 308
	61 - 90 Days	199 024	178 332
	+ 90 Days	2 069 920	1 708 543
	Total	5 052 814	3 843 199

	2010 R	2009 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	2 653 116	933 906
31 - 60 Days	1 241 737	623 975
61 - 90 Days	640 977	596 200
+ 90 Days	17 987 496	14 919 558
Total	22 523 326	17 073 638
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	37 030	4 467
31 - 60 Days	-	723
61 - 90 Days	-	386
+ 90 Days	-	36 633
Total	37 030	42 208
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	2 391 703	385 352
31 - 60 Days	361 466	326 416
61 - 90 Days	340 854	309 031
+ 90 Days	11 128 808	9 711 797
Total	14 222 831	10 732 596
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	4 183 471	638 302
31 - 60 Days	567 797	533 833
61 - 90 Days	538 144	506 224
+ 90 Days	17 546 161	15 983 124
Total	22 835 573	17 661 483
<u>(Other Consumer): Ageing</u>		
Current (0 - 30 days)	41 237 717	83 476
31 - 60 Days	633 694	33 794
61 - 90 Days	37 403	28 907
+ 90 Days	5 451 814	9 300 412
Total	47 360 628	9 446 589

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2010 R	2009 R
Receivables		
Rates	10 147 023	9 100 987
Total Receivables	10 147 023	9 100 987
Provision for Impairments	-	-
Net Receivables	10 147 023	9 100 987
Total Net Receivables from Non-Exchange Transactions	10 147 023	9 100 987

The fair value of receivables approximate their carrying value.

Ageing of Receivables from Non-Exchange Transactions**(Rates): Ageing**

Current (0 - 30 days)	390 885	433 432
31 - 60 Days	185 651	210 241
61 - 90 Days	142 555	179 354
+ 90 Days	9 427 932	8 277 960
Total	10 147 023	9 100 987

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
The ageing of amounts past due but not impaired is as follows:			
2010			
1 month past due	1 756 402	142 555	1 898 957
2 + months past due	54 184 199	9 427 932	63 612 130
Total	55 940 600	9 570 486	65 511 087
2009			
1 month past due	1 619 080	179 354	1 798 434
2 + months past due	51 660 065	8 277 960	59 938 025
Total	53 279 145	8 457 314	61 736 459

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Trade and other receivables impaired

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2010			
Total	54 184 199	9 427 932	63 612 130
2009			
Total	51 660 065	8 277 960	59 938 025

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	59 938 025	41 584 538
Contribution to provision	3 674 105	18 353 488
Doubtful debts written off against provision	-	-
Balance at end of year	63 612 130	59 938 025

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

CASH AND CASH EQUIVALENTS**Assets**

Call and short-term Investments Deposits
CRR - Bank account
Cash Floats

Total Cash and Cash Equivalents - Assets

2010
R

2009
R

16 898 018
493 771
1 955

17 393 743

7 871 369
490 723
1 955

8 364 046

Liabilities

Primary Bank Account

Total Cash and Cash Equivalents - Liabilities

41 884 868

41 884 868

6 812 206

6 812 206

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R16 898 018 are held to fund the Unspent Conditional Grants (2009: R7 871 369).

The municipality has a guarantee of R95 000 relating to Eskom, contract number 31170209875 with no expiry date.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank - Hartswater Branch - Account Number 1930000309
ABSA Bank - Hartswater Branch - Account Number 1930000317

(41 884 868)
493 771

(41 391 097)

(6 812 206)
490 723

(6 321 483)

ABSA Bank - Hartswater Branch - Account Number 1930000309

Cash book balance at beginning of year
Cash book balance at end of year

(6 812 206)
(41 884 868)

(3 902 513)
(6 812 206)

Bank statement balance at beginning of year
Bank statement balance at end of year

1 351 320
1 351 320

133 152
1 351 320

ABSA Bank - Hartswater Branch - Account Number 1930000317

Cash book balance at beginning of year
Cash book balance at end of year

490 723
493 771

269 068
490 723

Bank statement balance at beginning of year
Bank statement balance at end of year

940 723
943 770

940 723

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Investments
EPWP - Taxi Rank
DWAF - Refurbishment
CRR - Investment
Leave Investment

11 264 304
-
2 590 766
1 459 596
1 583 352

16 898 018

2 584 226
9
2 460 402
1 365 980
1 460 752

7 871 369

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential Property
Commercial Property
Agricultural Purposes
State - National / Provincial Services
Transnet

Less: Rebates

Total Assessment Rates

2010
R2009
R

6 446 453

6 198 609

3 627 022	3 487 576
1 685 010	1 620 227
781 278	751 241
340 477	327 387
12 665	12 178

-

(788 794)

6 446 453

5 409 815

Valuations

Rateable Land and Buildings

Residential Property
Commercial Property
Industrial Property
Agricultural Purposes
State - National / Provincial Services
Municipal Property
Transnet

2 315 274 148

2 337 042 705

384 796 589	398 874 464
101 318 440	108 295 101
50 245 102	50 082 752
1 666 462 183	1 664 792 823
47 319 860	36 376 360
63 972 174	77 461 405
1 159 800	1 159 800

2 315 274 148

2 337 042 705

A General Valuation was performed during the prior year effective from 1 July 2009. No interim valuations were performed.

Assessment Rates are levied on the value of land and improvements.

A rate in the rand for Transnet of R0.0105, Commercial and Industrial of R0.0150, Residential Pensioners of R0.00375 and all other at R0.0090 was charged on the total valuation.

A Rebate was granted on the value of residential properties - R15 000.
Rates of Indigent Household are subsidised on a value of the first R15 000.

Rates are levied monthly and payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates on Income - Basic Rate:

Residential	0.90c/R
Residential Pensioners	0.38c/R
Commercial & Industrial	1.5c/R
Agricultural	0.90c/R
State - National / Provincial Services	0.90c/R
Transnet	1.05c/R

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2010 R	2009 R
21	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	40 700 841	30 751 038
	Equitable Share - Refer to Note 21.1	40 700 841	30 751 038
	Conditional Grants	33 056 026	27 635 425
	DWAF Grant	2 367 000	3 182 000
	Other Grants	30 689 026	24 453 425
	Total Government Grants and Subsidies	73 756 867	58 386 463
	The municipality does not expect any significant changes to the level of grants. No grants had been withheld. See Appendix F for more details in terms of Section 123 of the MFMA.		
21.1	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
	All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R123 per month (2008: R89). (See Appendix "F" for a reconciliation of all grants).		
22	SERVICE CHARGES		
	Electricity	34 792 751	25 375 602
	Service Charges	34 909 556	25 782 647
	Less: Rebates	(116 805)	(407 044)
	Water	12 178 764	9 689 797
	Service Charges	12 232 021	10 055 444
	Less: Rebates	(53 257)	(365 648)
	Refuse Removal	4 338 055	3 298 716
	Service Charges	4 418 797	3 939 291
	Less: Rebates	(80 743)	(640 575)
	Sewerage and Sanitation Charges	6 204 346	5 516 023
	Service Charges	7 174 529	6 489 479
	Less: Rebates	(970 184)	(973 456)
	Total Service Charges	57 513 915	43 880 138
23	OTHER INCOME		
	Building Plan Fees	13 936	15 894
	Consumer Connections	64 220	146 835
	Other	2 391 817	537 943
	Plant Hire	4 377	8 866
	Raw Water	3 515	5 113
	Sundries	416 434	71 954
	Total Other Income	2 894 299	786 606
24	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	19 823 337	16 819 392
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	4 663 116	4 112 493
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 081 232	980 402
	Housing Benefits and Allowances	115 974	89 249
	Overtime Payments	698 811	455 734
	Bonuses	1 350 314	1 860 961
	Other Payments	98 816	407 365
	Provision for leave	1 601 369	208 825
	Contribution to provision - Long Service Awards - Note 4 and 7	(41 701)	96 279
	Contribution to provision - Post Retirement Medical - Note 4 and 7	(37 447)	725 787
	Total Employee Related Costs	29 353 821	25 756 488
	KEY MANAGEMENT PERSONNEL		
	Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager		
	Annual Remuneration	368 737	335 215
	Motor vehicle Allowance	144 081	130 982
	Cell phone Allowance	8 103	-
	Housing Subsidy	15 576	-
	Annual Bonus	30 728	27 935
	Contributions - UIF, Medical, Pension, Bargaining Council Levy	79 489	87 676
	Total	646 713	581 808

	2010 R	2009 R
Remuneration of the Chief Finance Officer		
Annual Remuneration	30 570	-
Motor vehicle Allowance	6 810	-
Annual Bonus	-	-
Contributions to UIF, Medical and Pension Funds	7 687	-
Total	45 067	-

This Section 57 position was filled on 1 June 2010. Previously all duties were performed by an acting CFO which is not a Section 57 employee.

Remuneration of Director : Technical Services		
Annual Remuneration	292 361	265 782
Motor vehicle Allowance	143 755	130 686
Cell phone Allowance	4 861	-
Annual Bonus	24 363	22 149
Contributions - UIF, Medical, Pension, Bargaining Council Levy	75 295	69 102
Total	540 635	487 719

Remuneration of Director : Community Services		
Annual Remuneration	146 180	265 782
Motor vehicle Allowance	71 877	130 686
Cell phone Allowance	1 980	-
Group Scheme Insurance	3 248	-
Annual Bonus	12 366	22 149
Leave pay	31 575	-
Contributions - UIF, Medical, Pension, Bargaining Council Levy	39 024	80 278
Total	306 250	498 895

Remuneration of Director : Corporate Services		
Annual Remuneration	292 361	265 782
Motor vehicle Allowance	143 755	130 686
Cell phone Allowance	4 861	-
Annual Bonus	24 363	22 149
Contributions - UIF, Medical, Pension, Bargaining Council Levy	72 345	67 509
Total	537 684	486 126

25 REMUNERATION OF COUNCILLORS

Mayor	594 299	496 509
Speaker	460 975	414 797
Executive Committee Members	743 439	617 274
Councillors	1 398 117	726 586
Other Councillors' contributions and allowances	922 375	1 450 060
Total Councillors' Remuneration	4 119 204	3 705 224

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

26 DEBT IMPAIRMENT

Receivables - Note 17	3 674 105	18 353 488
Total Contribution to Bad Debts Provision	3 674 105	18 353 488

27 FINANCE CHARGES

External Interest	987 682	401 896
Total finance charges	987 682	401 896

		2010 R	2009 R
28	BULK PURCHASES		
	Electricity	19 490 927	15 132 948
	Water	11 863 525	4 171 985
	Total Bulk Purchases	31 354 452	19 304 933
29	GRANTS AND SUBSIDIES		
	Sedibeng indigent support paid to external service provider	1 639 263	2 791 228
	Total Grants and Subsidies	1 639 263	2 791 228
30	GENERAL EXPENSES		
	Sedibeng O&M contribution	3 806 514	2 966 571
	Fuel	874 148	907 114
	Telephone	633 571	713 480
	Legal Cost	570 566	657 205
	Audit Fees	425 148	602 199
	Lease	428 330	541 471
	Subsistence and Travelling	621 555	586 532
	Bank Charges	414 434	473 785
	Waterpurification	773 309	435 146
	Land Survey Cost	7 290	406 115
	Advertising, Printing and Stationary	550 997	388 450
	Security	648 065	373 659
	Membership Fees	187 300	349 372
	Valuation Cost	72 437	324 778
	Oil, Lubrication & Batteries	-	296 420
	Insurance General	314 051	267 373
	Other	5 837 608	6 858 415
		16 165 323	17 148 084

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This includes items such as telecommunications and consulting fees.

31 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

31.01	Trade and Other Payables		
	Balance previously reported:	-	18 254 081
	Transfer of Provision for Leave to Current Employee Benefit - Note 31.02	-	(1 308 545)
	Total	-	16 945 535
31.02	Current Employee Benefits		
	Balance previously reported:	-	-
	Transfer of Provision for Leave from Trade and Other Payables - Note 31.01	-	1 308 545
	Total	-	1 308 545
31.03	Reserves		
	Balance previously reported:	-	-
	Government Grant Reserve	-	(3 266 854)
	Capitalisation Reserve	-	(438 222)
	Capital Replacement Reserve	-	175 250
		-	-
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 31.04	-	3 529 826
	Total	-	-

Phokwane municipality has changed its accounting policy in respect of reserves that was ring-fenced for future use. These reserves were established in accordance with the specimen financial statements issued by National Treasury. Seeing as no standard prescribes the establishment of such reserves, the movements in the Capitalisation, Government Grant and Capital Replacement Reserves is transferred to the Accumulated surplus.

		2010 R	2009 R
31.04	Accumulated Surplus/(Deficit)		
	Implementation of GRAP		
	Transfer from provisions and reserves - Note 31.03	-	(3 529 826)
	Capital redemption on finance lease liability recognised against accumulated surplus - Note 31.05	-	-
	Non-current provisions recognised for the first time - Note 31.04	-	-
	Total	-	(3 529 826)
31.05	Long-term liabilities		
	Balance previously reported	-	-
	Implementation of GRAP	-	-
	Finance Lease liability previously not recognised - Note 3 and 31.05	-	-
	Capital redemption on finance lease liability recognised against accumulated surplus - Note 31.04	-	(134 410)
	Total	-	(134 410)

32 CORRECTION OF ERROR IN TERMS OF GRAP 3

32.01 Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories
 GRAP 16 – Investment Property
 GRAP 17 – Property, Plant and Equipment
 GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
 GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
 GRAP 102 – Intangible Assets

These provisions were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2009.

	2010 R	2009 R
32.02 Accumulated Depreciation - GRAP 17		
Accumulated Depreciation recorded as they are required by GRAP.		
Opening Balance previously reported	-	39 842 935
Implementation of GRAP	-	(6 266 871)
Backlog Depreciation: Land and Buildings	-	477 143
Backlog Depreciation: Infrastructure	-	83 221
Backlog Depreciation: Community	-	667 403
Backlog Depreciation: Heritage	-	30 080
Backlog Depreciation: Other	-	(7 524 718)
Backlog depreciation: Investment Properties	-	188 352
Transfer to Accumulated Surplus/(Deficit) - Note	-	33 764 416
32.03 Depreciation		
Depreciation correctly recorded as they are required by GRAP.		
Balance previously reported	-	2 866 437
Implementation of GRAP	-	7 014 880
Backlog Depreciation: Land and Buildings	-	190 841
Backlog Depreciation: Infrastructure	-	6 254 196
Backlog Depreciation: Community	-	377 229
Backlog Depreciation: Heritage	-	7 275
Backlog Depreciation: Other	-	185 339
Backlog depreciation: Investment Properties	-	57 838
Transfer to Accumulated Surplus/(Deficit) - Note	-	9 939 155
32.04 Accumulated Surplus/(Deficit)		
Correction done on the accumulated depreciation - Note 32.02	-	(6 078 519)
	-	6 078 519
32.05 Inventory		
Balance previously reported - Inventory		318 071
Correction done on the inventory recognised as repairs and maintenance - note 16	-	580 030
	-	898 101

33	RECONCILIATION OF NETT SURPLUS FOR THE YEAR	2010 R	2009 R
	Balance previously reported	-	21 814 007
	Correction done on the inventory recognised as repairs and maintenance - Note 32.06	-	580 030
		-	22 394 037
34	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS		
	Surplus for the year	45 186 771	15 321 319
	Adjustments for:		
	Depreciation	12 089 554	9 939 156
	Gain/Loss on disposal of property, plant and equipment	-	(863 376)
	Impairments	-	-
	Contribution from/to provisions - Non-Current	1 147 035	1 253 300
	Contribution from/to provisions - Non-Current - Expenditure incurred	(500 266)	(431 234)
	Contribution from/to provisions - Non-Current - Actuarial losses	-	-
	Contribution from/to provisions - Non-Current - Actuarial gains	-	(558 430)
	Contribution to provisions – current	1 601 369	721 124
	Contribution to provisions – current - Expenditure incurred	(51 142)	(108 817)
	Contribution to provisions – Bad debt	3 674 105	18 353 488
	Bad debts written off	-	-
	Investment income	(6 421 454)	(5 721 213)
	Interest paid	987 682	401 896
	Operating Surplus before changes in working capital	57 713 652	38 307 212
	Changes in working capital	(61 350 289)	(24 848 933)
	Increase/(Decrease) in Trade and Other Payables	16 714 951	(2 502 592)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 582 733)	2 679 238
	Increase/(Decrease) in Taxes	(447 226)	(6 120 796)
	(Increase)/Decrease in Inventory	44 581	(287 878)
	(Increase)/Decrease in Trade Receivables from exchange transactions and non-exchange	(71 931 770)	(16 250 759)
	Increase in Unpaid Conditional Government Grants and Receipts	(4 148 091)	(2 366 145)
	Cash generated by operations	(3 636 637)	13 458 279
35	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 19	16 898 018	7 871 369
	Cash Floats - Note 19	1 955	1 955
	Bank - Note 19	493 771	490 723
	Bank overdraft - Note 19	(41 884 868)	(6 812 206)
	Total cash and cash equivalents	(24 491 125)	1 551 841

RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 35

Less:

Unspent Committed Conditional Grants - Note 9
 Unspent Public Contribution - Note
 Unspent Borrowings - Note
 VAT - Note
 Secured Investments

Net cash resources available for internal distribution**Allocated to:**

Capital Replacement Reserve
 Employee Benefits Reserve
 Social Contribution Reserve
 Non-Current Provisions Reserve
 Valuation Roll Reserve

Resources available for working capital requirements

(24 491 125) 1 551 841

(24 491 125) 1 551 841

(2 263 832) 3 466 993

(2 263 832) 3 466 993

- -

- -

- -

(22 227 293) (1 915 152)

(22 227 293) (1 915 152)

- -

- -

- -

- -

- -

(22 227 293) (1 915 152)

(22 227 293) (1 915 152)

UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3

Used to finance property, plant and equipment - at cost

2 835 815 4 092 623

- -

2 835 815 4 092 623

(2 835 815) (4 092 623)

Cash set aside for the repayment of long-term liabilities

Cash invested for repayment of long-term liabilities

- -

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.21 % and 17.82 % and will be repaid by 2028

BUDGET COMPARISONS**38.1 Operational****Revenue by source**

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
Property Rates	6 446 453	8 354 363	(1 907 910)	-23%
Government Grants and Subsidies - Capital	73 756 867	44 660 000	29 096 867	65%
Actuarial Gains	-	-	-	0%
Fines	148 863	875 000	(726 137)	-83%
Property Rates - penalties imposed and collection charges	-	-	-	0%
Service Charges	57 513 915	44 389 388	13 124 527	30%
Rental of Facilities and Equipment	221 246	90 000	131 246	146%
Interest Earned - external investments	547 873	500 000	47 873	10%
Interest Earned - outstanding debtors	5 873 581	1 800 000	4 073 581	226%
Licences and Permits	1 612 185	965 000	647 185	67%
Agency Services	694 948	650 000	44 948	7%
Other Revenue	2 894 299	1 425 204	1 469 095	103%
	149 710 231	103 708 955	46 001 276	44%

Expenditure by nature

Employee Related Costs	(29 353 821)	(32 356 578)	3 002 757	-9%
Remuneration of Councillors	(4 119 204)	(5 021 774)	902 570	-18%
Debt Impairment	-	-	-	0%
Depreciation and Amortisation	(12 089 554)	(6 738 397)	(5 351 157)	79%
Impairments	(3 674 105)	(2 665 073)	(1 009 032)	38%
Repairs and Maintenance	(3 865 148)	(3 996 995)	131 847	-3%
Actuarial losses	-	-	-	0%
Finance Charges	(987 682)	(253 813)	(733 869)	289%
Bulk Purchases	(31 354 452)	(27 900 638)	(3 453 814)	12%
Contracted services	(1 274 907)	(865 718)	(409 189)	47%
Grants and Subsidies	(1 639 263)	(2 768 000)	1 128 737	-41%
Operating Grant Expenditure	-	-	-	0%
General Expenses	(16 165 323)	(18 841 315)	2 675 992	-14%
Internal charges	-	(195 361)	195 361	-100%
Contributions to/from Reserves	-	(2 190 293)	2 190 293	-100%
	(104 523 460)	(103 793 955)	(729 505)	1%

Other Gains/Losses

Loss on Disposal of PPE	-	-	-	0%
Gains on Disposal of PPE	-	85 000	(85 000)	-100%
	-	85 000	(85 000)	-100%

Net Surplus for the year

45 186 771 - 45 186 771 100%

Details of material variances

Provide details for material variances

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
38.2 Expenditure by Vote				
Council and Executive Administration	(5 429 526)	(7 240 652)	1 811 126	-25%
Office of the Municipal Manager	(3 914 979)	(6 009 431)	2 094 452	-35%
Internal Audit	-	-	-	0%
Finance Admin	(9 508 434)	(9 402 296)	(106 138)	1%
Corporate Services and Development Admin	(7 163 835)	(3 612 653)	(3 551 182)	98%
LED	(47 157)	(146 187)	99 030	-68%
Municipal Buildings	(1 166 423)	(1 550 828)	384 405	-25%
Estates	(1 348 482)	(1 180 127)	(168 355)	14%
Ganspan Waterbird Sanctuary	(1 289)	(39 600)	38 311	-97%
Semi-Detached Houses	(877)	(49 687)	48 810	-98%
Staff Housing	(3 122)	(62 687)	59 565	-95%
Council Motor Vehicle	(1 721 902)	(3 616 250)	1 894 348	-52%
Community Services Admin	(2 293 676)	(1 040 642)	(1 253 034)	120%
Cemetery	(272 256)	(102 625)	(169 631)	165%
Traffic	(2 657 952)	(2 605 771)	(52 181)	2%
Parks and Recreation	(1 524 385)	(1 597 647)	73 262	-5%
Clinic	(138 528)	-	(138 528)	100%
Caravan Park	(8 114)	(188 499)	180 385	-96%
Sports Grounds	(468 214)	(242 935)	(225 279)	93%
Fire Fighting and Disaster Management	589 072	(135 869)	724 941	-534%
Motor Vehicle Registration	(912 894)	(1 318 045)	405 151	-31%
Library	(1 321 031)	(1 636 227)	315 196	-19%
Vehicle Test Station	(80 855)	(436 519)	355 664	-81%
Water	(26 700 758)	(31 457 073)	4 756 315	-15%
Electricity (Street Lighting)	(26 603 352)	(28 223 394)	1 620 042	-6%
Public Works	(7 353 003)	(5 973 234)	(1 379 769)	23%
Mechanical Workshop	(323 539)	(457 980)	134 441	-29%
Refuse	(6 137 235)	(5 862 604)	(274 631)	5%
Less Internal Charges	1 989 287	10 395 507	(8 406 220)	-81%
	(104 523 460)	(103 793 955)	(729 505)	1%

Details of material variances

Provide details for material variances

38.3 Capital expenditure by vote				
Council and Executive Administration	-	-	-	0%
Office of the Municipal Manager	-	-	-	0%
Internal Audit	-	-	-	0%
Finance Admin	1 224 208	-	1 224 208	100%
Stores	-	-	-	0%
IT	-	-	-	0%
Rates and Taxes	-	-	-	0%
Corporate Services and Development Admin	-	1 040 000	(1 040 000)	-100%
LED	-	-	-	0%
Municipal Buildings	-	-	-	0%
Estates	-	-	-	0%
Ganspan Waterbird Sanctuary	-	-	-	0%
Semi-Detached Houses	-	-	-	0%
Staff Housing	-	-	-	0%
Council Motor Vehicle	-	-	-	0%
Community Services Admin	37 585	-	37 585	100%
Cemetery	-	-	-	0%
Traffic	-	-	-	0%
Parks and Recreation	-	-	-	0%
Clinic	-	-	-	0%
Caravan Park	-	-	-	0%
Sports Grounds	-	-	-	0%
Fire Fighting & Disaster Management	-	-	-	0%
Motor Vehicle Registration	-	-	-	0%
Library	-	-	-	0%
Vehicle Test Station	-	-	-	0%
Water	4 679 313	2 460 000	2 219 313	90%
Water Consumer Connections	-	8 200 000	(8 200 000)	-100%
Waste Water	9 908 196	6 700 000	3 208 196	48%
Electricity	-	-	-	0%
Electricity Consumer Connections	-	-	-	0%
Public Works	3 186 619	2 621 000	565 619	22%
Mechanical Workshop	-	-	-	0%
Refuse	7 568 547	-	7 568 547	100%
	26 604 467	21 021 000	5 583 467	27%

Details of material variances

Provide details for material variances

38

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2010

R

2009

R

38.01

Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance

Unauthorised capital expenditure current year

Unauthorised operating expenditure current year

Unauthorised expenditure awaiting authorisation

35 340 141

21 523 467

5 207 113

62 070 720

-

16 866 049

18 474 092

35 340 141

Incident

Over expenditure of approved budget on votes

Disciplinary steps/criminal proceedings

None

38.02

Fruitless and wasteful expenditure

None to Management's knowledge

38.03

Irregular expenditure

None to Management's knowledge

38.04

Material Losses

None to Management's knowledge

39

CORRECTION OF CLASSIFICATION IN TERMS OF GRAP 1

Rates previously disclosed in a combined note for trade and other receivables from exchange transactions and non-exchange transactions has as from 2010 been disclosed in a separate note for trade and other receivables from non-exchange transactions. This change has been made in order to split the exchange and non-exchange transactions.

Correction of disclosure

Trade and other receivables from exchange transactions - note 17

Trade and other receivables from non-exchange transactions - note 18

-

-

-

(9 100 987)

9 100 987

-

40

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1

Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance

Council subscriptions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in creditors)

-

-

-

-

-

-

-

-

-

-

40.2

Audit fees - [MFMA 125 (1)(c)]

Opening balance

Council subscriptions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in creditors)

-

425 148

(425 148)

-

-

-

602 199

(602 199)

-

-

2010

R

2009

R

40.3

VAT - [MFMA 125 (1)(b)]

Opening balance

Amounts received - current year

Amounts claimed - current year (payable)

Amount paid - current year

Amount paid - previous year

Closing balance Cr/(Dt)

-

-

-

-

-

-

-

-

-

-

-

-

Vat in suspense due to cash basis of accounting

-

-

	2010 R	2009 R
40.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions	-	-
Amount paid - current year	-	-
Balance unpaid (included in creditors)	-	-

	2010 R	2009 R
Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	-	-
Amount paid - current year	-	-
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

40.5 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

The following councillors had arrear accounts for more than 90 days as at 30 JUNE 2010:

	Outstanding more than 90 days
Adams EL	294.15
Mashorie KD	6 481.19
Moeketsi DM	6 576.71
Modiagotla HM	27 265.28
Raadt SM	4 539.99
Pitso FO	4 470.88
Dichaba MP	5 313.57
	54 941.77

40.6 Quotations awarded - Section 45 - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Corporate Services	-	-	-	-
Development Services	-	-	-	-
Financial Services	-	-	-	-
Technical Services	-	-	-	-
Electrical Services	-	-	-	-
	-	-	-	-

40.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

No non-compliance to the Supply Chain Management Regulations were identified by Management

41 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Land & Buildings	-	-
Infrastructure	-	-
Total	-	-

	2010 R	2009 R
This expenditure will be financed from:		
External Loans	-	-
Government Grants	-	-
	-	-

42 RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund, SALA and SAMWU National

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact (sensitivity analysis) on the entity's surplus/deficit for the year due to changes

0.5% (2008 - 2%) Increase in interest rates	(12 714)	(12 714)
1% (2008 - 0.5%) Decrease in interest rates	25 427	25 427

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables, long term receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Credit risk pertaining to trade and other debtors is considered to be high due the diversified nature of debtors and immaterial nature of individual balances.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be high due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. The following balances included in receivables were re-negotiated for the period under review.

2 475 726

2 510 971

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in notes 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2010 %	2010 R	2009 %	2009 R
Electricity	3.25%	2 069 920	2.85%	1 708 543
Water	28.28%	17 987 496	24.89%	14 919 558
Housing Rentals	0.00%	-	0.06%	36 633
Refuse	17.49%	11 128 808	16.20%	9 711 797
Sewerage	27.58%	17 546 161	26.67%	15 983 124
Other Consumer Arrears	8.57%	5 451 814	15.52%	9 300 412
Rates	14.82%	9 427 932	13.81%	8 277 960
	100.00%	63 612 130	100.00%	59 938 025

The following balances were past due but not impaired:

Trade receivables	5 508 510	3 888 724
-------------------	-----------	-----------

	2010 R	2009 R
The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.		
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	-	1 080
Trade receivables	69 391 880	2 180 250
Other receivables from non-exchange transactions	10 147 023	9 100 987
Cash and Cash Equivalents	17 393 743	8 364 046
Unpaid conditional grants and subsidies	6 748 770	2 600 678
	<u>103 681 416</u>	<u>22 247 043</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality did not default on any of their trade and other payables commitments during the period under review and no terms were re-negotiated.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
2010				
Long Term liabilities	1 462 614	1 373 201	-	-
Consumer Deposits	1 626 234	-	-	-
Trade and Other Payables	30 850 723	-	-	-
Unspent conditional government grants and receipts	4 484 938	-	-	-
Bank Overdraft	41 884 868	-	-	-
	<u>80 309 377</u>	<u>1 373 201</u>	<u>-</u>	<u>-</u>
2009				
Long Term liabilities	1 257 586	2 835 037	-	-
Consumer Deposits	1 592 574	-	-	-
Trade and Other Payables	14 135 772	-	-	-
Unspent conditional government grants and receipts	6 067 671	-	-	-
Bank Overdraft	6 812 206	-	-	-
	<u>29 865 809</u>	<u>2 835 037</u>	<u>-</u>	<u>-</u>

44

FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Receivables			
Trade and other receivables	Loans and Receivables	79 538 903	11 281 238
Other Debtors			
Government Subsidies and Grants	Loans and Receivables	6 748 770	2 600 678
Current Portion of Long-term Receivables			
Car Loans	Loans and Receivables	-	1 080
Short-term Investment Deposits			
Call Deposits	Available for sale	16 898 018	7 871 369
Bank Balances and Cash			
Bank Balances	Available for sale	493 771	490 723
Cash Floats and Advances	Available for sale	1 955	1 955
		<u>103 681 416</u>	<u>22 247 043</u>

SUMMARY OF FINANCIAL ASSETS		2010 R	2009 R
Available for sale		17 393 743	8 364 047
Loans and Receivables		86 287 672	13 882 996
Total Financial Assets		103 681 416	22 247 043
Financial Liabilities			
Classification			
Long-term Liabilities			
Annuity Loans	At amortised cost	1 000 000	1 000 000
Government Loans : Other	At amortised cost	-	1 206 493
Capitalised Lease Liability	At amortised cost	373 201	628 544
Consumer deposits			
Electricity and Water	At amortised cost	1 626 234	1 592 574
Trade and other Payables			
Trade Creditors	At amortised cost	3 462 705	7 402 154
Other creditors	At amortised cost	27 388 018	6 733 619
Unspent Conditional Grants and Receipts			
Other Spheres of Government	At amortised cost	4 484 938	6 067 671
Cash and Cash Equivalents			
Bank Overdraft	At amortised cost	41 884 868	6 812 206
Current Portion of Long-term Liabilities			
Annuity Loans	At amortised cost	-	-
Government Loans : Other	At amortised cost	1 207 271	1 044 626
Capitalised Lease Liability	At amortised cost	255 343	212 960
Total Financial Liabilities		81 682 578	32 700 846
SUMMARY OF FINANCIAL LIABILITY			
At amortised cost		81 682 578	32 700 846
45	EVENTS AFTER THE REPORTING DATE		
	None		
46	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
47	COMPARISON WITH THE BUDGET		
	The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexure "D".		
48	CONTINGENT LIABILITY		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against the Municipality if claimants are successful in their actions. The following are the estimates:		
	Purchase of municipal property	-	2 600 000
	Dispute of contractual obligation	-	2 695 000
	Labour dispute: suspension	-	120 000
	Labour dispute	-	90 000
		-	5 505 000
49	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		

49.01 Related Party Transactions

The rates, service charges and other charges charged to related parties are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

	Rates - Levied 1 Jul 09 - 30 Jun 10	Service Charges - Levied 1 Jul 09 - 30 Jun 10	Other - Levied 1 Jul 09 - 30 Jun 10	Outstanding Balances 30 June 2010
Year ended 30 JUNE 2009				
Councillors	15 708	55 932	2 586	65 219
Adams EL	-	2 490	30	1 153
Arends S	1 769	3 149	21	94
Gaebee RR	1 652	1 903	7	300
Gill MM	-	-	-	-
Khen V	-	-	-	-
Mashorie KD	-	1 898	513	7 249
Modiakgotla HM	321	2 650	598	28 576
Modimogale M	1 001	1 398	5	194
Moeketsi DM	428	1 398	510	7 223
Mooketsi S	1 215	18 432	239	8 210
Motshabe SM	-	-	-	-
Nel PJ	9 321	19 820	14	2 456
Paul SS	-	-	-	-
Pitso FO	-	1 398	371	4 960
Raadt SM	-	1 398	279	4 804
Municipal Manager and Section 57 Employees	-	-	-	-
Dichaba MP	3 783	24 375	383	10 897
Sediti TP	-	-	-	-
Pitso TC	-	-	-	-
Motswana M	-	4 749	10	465

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

49.02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.

49.03 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

		2010 R	2009 R
49.04	<p>Other related party transactions</p> <p>The following purchases were made during the year where Councillors or Sect 57 Managers have an interest:</p> <p><u>Councillor/Sect 57 Manager</u></p> <p>None</p>		
50	<p>Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.</p>		
50.1	<p>GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:</p> <p>Landfill sites financed by way of a provision;</p> <p>The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.</p> <p>Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:</p>	-	-
50.2	<p>GRAP 100 -Non-current assets and discontinued operations</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:</p>		
50.3	<p>GRAP 16 - Investment Properties</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties:</p> <p>The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.</p>		
50.4	<p>GRAP 102 - Intangible Assets</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:</p> <p>Computer Software; Intangible assets financed by way of finance leases; Intangible assets transferred as a result of the transfer of functions; and Servitudes.</p> <p>The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.</p>		
50.5	<p>GRAP 12 - Inventories</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:</p> <p>Water; Land held for sale; and Other .</p> <p>The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.</p>		
51	<p>Process to comply fully with the implementation of General Recognised Accounting Practices</p> <p>The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011..</p>		

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

	Cost Opening Balance R	Additions R	Disposals R	Closing Balance R	Accumulated Depreciation Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	5 767 859	-	-	5 767 859	1 755 310	389 999	-	2 145 309	3 622 550
Land	-	-	-	-	-	-	-	-	-
Buildings	5 767 859	-	-	5 767 859	1 755 310	389 999	-	2 145 309	3 622 550
Infrastructure	128 902 845	25 342 674	-	154 245 520	31 938 830	9 267 831	-	41 206 661	113 038 859
Roads & Stormwater	29 738 388	7 568 547	-	37 306 935	3 594 281	1 366 227	-	4 960 508	32 346 427
Sewerage	42 105 646	9 908 196	-	52 013 842	15 015 049	3 909 809	-	18 924 858	33 088 984
Electricity	21 508 851	3 186 619	-	24 695 469	6 914 437	1 791 547	-	8 705 984	15 989 486
Water	35 549 960	4 679 313	-	40 229 273	6 415 063	2 200 248	-	8 615 311	31 613 962
Community Assets	8 890 884	37 585	-	8 928 469	3 400 531	763 964	-	4 164 495	4 763 974
Recreation Grounds	5 346 683	-	-	5 346 683	1 781 599	460 054	-	2 241 653	3 105 030
Civil Buildings	2 782 052	-	-	2 782 052	1 219 829	229 916	-	1 449 745	1 332 307
Libraries	691 087	-	-	691 087	370 357	67 281	-	437 638	253 449
Parks and Gardens	71 062	-	-	71 062	28 745	5 185	-	33 930	37 132
Non Residential Structures	-	37 585	-	37 585	-	1 529	-	1 529	36 056
Housing Rental Stock	4 180 233	-	-	4 180 233	695 380	139 341	-	834 721	3 345 512
Sub-economical Housing	4 180 233	-	-	4 180 233	695 380	139 341	-	834 721	3 345 512
Heritage Assets	218 252	-	-	218 252	40 541	7 275	-	47 816	170 436
Historical Buildings	158 907	-	-	158 907	29 517	5 297	-	34 814	124 093
Painting & Art Galleries	59 345	-	-	59 345	11 024	1 978	-	13 002	46 343
Other Assets	13 673 687	1 224 208	-	14 897 894	5 547 163	1 445 209	-	6 992 372	7 905 522
Office Equipment	1 592 805	107 607	-	1 700 412	437 487	166 591	-	604 078	1 096 334
Furniture & Fittings	629 391	131 875	-	761 266	237 542	69 392	-	306 934	454 332
Communication Equipment	94 084	-	-	94 084	35 260	9 408	-	44 669	49 415
Other	2 746 060	-	-	2 746 060	1 191 480	274 606	-	1 466 086	1 279 974
Safety Equipment	1 951	-	-	1 951	1 087	195	-	1 282	669
Fire Equipment	169 348	-	-	169 348	74 544	13 386	-	87 930	81 418
Vehicles and Plant	7 527 886	417 798	-	7 945 684	3 112 536	789 555	-	3 902 091	4 043 593
Computer Equipment	912 162	363 718	-	1 275 880	457 226	110 227	-	567 453	708 427
Machinery and Equipment	-	203 209	-	203 209	-	11 850	-	11 850	191 360
Intangible assets	-	13 565	-	13 565	-	1 732	-	1 732	11 833
Intangible assets	-	13 565	-	13 565	-	1 732	-	1 732	11 833
	161 633 760	26 604 467	-	188 238 227	43 377 755	12 013 619	-	55 391 374	132 846 853

30 JUNE 2009

Reconciliation of Carrying Value

	Opening Balance	Cost		Closing Balance	Opening Balance	Accumulated Depreciation		Closing Balance	Carrying Value
	R	Additions	Disposals	R	R	Additions	Disposals	R	R
		R	R			R	R		
Land and Buildings	4 562 971	1 204 888	-	5 767 859	1 395 192	360 119	-	1 755 310	4 012 549
Land	-	-	-	-	-	-	-	-	-
Buildings	4 562 971	1 204 888	-	5 767 859	1 395 192	360 119	-	1 755 310	4 012 549
Infrastructure	110 888 704	18 014 141	-	128 902 845	24 631 100	7 307 730	-	31 938 830	96 964 015
Stormwater	110 888 704	18 014 141	-	128 902 845	24 631 100	7 307 730	-	31 938 830	96 964 015
Roads	-	-	-	-	-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Community Assets	8 786 959	103 925	-	8 890 884	2 643 044	757 487	-	3 400 531	5 490 353
Recreation Grounds	8 786 959	103 925	-	8 890 884	2 643 044	757 487	-	3 400 531	5 490 353
Cemetery	-	-	-	-	-	-	-	-	-
Heritage Assets	218 252	-	-	218 252	33 266	7 275	-	40 541	177 711
Buildings	218 252	-	-	218 252	33 266	7 275	-	40 541	177 711
Other Assets	16 610 825	1 243 095	-	17 853 920	4 802 225	1 440 317	-	6 242 543	11 611 377
Office Equipment	12 430 592	1 243 095	-	13 673 687	4 239 372	1 307 790	-	5 547 163	8 126 524
Housing	4 180 233	-	-	4 180 233	562 853	132 527	-	695 380	3 484 853
	141 067 712	20 566 049	-	161 633 761	33 504 827	9 872 928	-	43 377 755	118 256 006

11 PROPERTY, PLANT AND EQUIPMENT

The leased property, plant and equipment is secured as set out in Note 3.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

The Municipality is in the process of identifying and itemizing all infrastructure and community assets and other property, plant and equipment and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present provisional amounts for depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets and other property plant and equipment using global or other historical costs recorded in the accounting records.

The municipality further did not measure Property, Plant and Equipment in the following instances:

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

APPENDIX A

PHOKWANE MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Original Loan Amount	Rate	Redeemable	Balance at 30 JUNE 2009	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
SKINKING FUND							
Sinking Fund loan from ABSA	1 000 000	12.40%		1 000 000	-	-	1 000 000
Total Annuity Loans	1 000 000			1 000 000	-	-	1 000 000
GOVERNMENT LOANS							
DBSA Loan	1 214 810	14.58%	30/06/2011	695 039	-	322 385	372 654
DBSA Loan	1 822 284	14.58%	30/06/2011	1 042 598	-	483 596	559 003
DBSA Loan	898 472	14.58%	30/06/2011	513 482	-	237 867	275 615
Total Government Loans	3 935 566			2 251 119	-	1 043 848	1 207 271
LEASE LIABILITY							
Lease Liability	1 285 662	Varied		841 503	-	212 960	628 544
Total Lease Liability	1 285 662			841 503	-	212 960	628 544
TOTAL EXTERNAL LOANS	6 221 228			4 092 623	-	1 256 808	2 835 815

PHOKWANE MUNICIPALITY

APPENDIX B

PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation			Carrying Value
	Opening Balance	Change in accounting policy	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
Land and Buildings								
Land and Buildings	5 767 859	-	-	5 767 859	1 755 310	389 999	2 145 309	3 622 550
	5 767 859	-	-	5 767 859	1 755 310	389 999	2 145 309	3 622 550
Infrastructure								
Main: Roads and Stormwater	29 738 388	-	7 568 547	37 306 935	3 594 281	1 366 227	4 960 508	32 346 427
Sewage Mains & Purification	42 105 646	-	9 908 196	52 013 842	15 015 049	3 909 809	18 924 858	33 088 984
Main: Electricity	21 508 851	-	3 186 619	24 695 469	6 914 437	1 791 547	8 705 984	15 989 486
Main: Water and Purification	35 549 960	-	4 679 313	40 229 273	6 415 063	2 200 248	8 615 311	31 613 962
	128 902 845	-	25 342 674	154 245 520	31 938 830	9 267 831	41 206 661	113 038 859
Community Assets								
Recreation Grounds	5 346 683	-	-	5 346 683	1 781 599	460 054	2 241 653	3 105 030
Civil Buildings	2 782 052	-	-	2 782 052	1 219 829	229 916	1 449 745	1 332 307
Libraries	691 087	-	-	691 087	370 357	67 281	437 638	253 449
Parks & Gardens	71 062	-	-	71 062	28 745	5 185	33 930	37 132
Non Residential Structures			37 585	37 585	-	1 529	1 529	36 056
	8 890 884	-	37 585	8 928 469	3 400 531	763 964	4 164 495	4 763 974
Heritage Assets								
Historical Buildings	158 907	-	-	158 907	29 517	5 297	34 814	124 093
Painting & Art Galleries	59 345	-	-	59 345	11 024	1 978	13 002	46 343
	218 252	-	-	218 252	40 541	7 275	47 816	170 436
Total carried forward	143 779 841	-	25 380 259	169 160 100	37 135 212	10 429 069	47 564 281	121 595 819

APPENDIX B

PHOKWANE MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost				Accumulated Depreciation			Carrying Value
	Opening Balance	Change in accounting policy	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
Total brought forward	143 779 841	-	25 380 259	169 160 100	37 135 212	10 429 069	47 564 281	121 595 819
Housing Rental Stock								
Sub-economical Housing	4 180 233	-	-	4 180 233	695 380	139 341	834 721	3 345 512
	4 180 233	-	-	4 180 233	695 380	139 341	834 721	3 345 512
Other Assets								
Office Equipment	1 592 805	-	107 607	1 700 412	437 487	166 591	604 078	1 096 334
Furniture & Fittings	629 391	-	131 875	761 266	237 542	69 392	306 934	454 332
Communication Equipment	94 084	-	-	94 084	35 260	9 408	44 669	49 415
Other	2 746 060	-	-	2 746 060	1 191 480	274 606	1 466 086	1 279 974
Safety Equipment	1 951	-	-	1 951	1 087	195	1 282	669
Fire Equipment	169 348	-	-	169 348	74 544	13 386	87 930	81 418
Vehicles & Plant	7 527 886	-	417 798	7 945 684	3 112 536	789 555	3 902 091	4 043 593
Computer Equipment	912 162	-	363 718	1 275 880	457 226	110 227	567 453	708 427
Machinery and Equipment	-	-	203 209	203 209	-	11 850	11 850	191 360
Non-Capital							-	-
	13 673 687	-	1 224 208	14 897 894	5 547 163	1 445 209	6 992 372	7 905 522
Total Property, Plant and Equipment	161 633 760	-	26 604 467	188 238 227	43 377 755	12 013 619	55 391 374	132 846 853
Intangible Assets								
Intangible Assets	-	-	13 565	13 565	-	1 732	1 732	11 833
	-	-	13 565	13 565	-	1 732	1 732	11 833
Investment Property								
Investment Property	1 708 206	-	-	1 708 206	325 817	74 203	400 020	1 308 186
	1 708 206	-	-	1 708 206	325 817	74 203	400 020	1 308 186
Total	163 341 966	-	26 618 032	189 959 999	43 703 572	12 089 554	55 793 126	134 166 873

PHOKWANE MUNICIPALITY

APPENDIX C (1)

PHOKWANE MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated Depreciation			Carrying Value
	Opening Balance	Change in accounting policy	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
Finance & Administration	19 441 546	-	1 224 208	20 665 754	7 302 473	1 835 208	9 137 681	11 528 073
Community & Social	3 691 391	-	37 585	3 728 976	1 630 727	306 001	1 936 728	1 792 248
Housing	4 180 233	-	-	4 180 233	695 380	139 341	834 721	3 345 512
Sport & Recreation	5 417 745	-	-	5 417 745	1 810 345	465 238	2 275 583	3 142 162
Waste Management (Refuse)	42 105 646	-	9 908 196	52 013 842	15 015 049	3 909 809	18 924 858	33 088 984
Road Transport	29 738 388	-	7 568 547	37 306 935	3 594 281	1 366 227	4 960 508	32 346 427
Water	35 549 960	-	4 679 313	40 229 273	6 415 063	2 200 248	8 615 311	31 613 962
Electricity	21 508 851	-	3 186 619	24 695 469	6 914 437	1 791 547	8 705 984	15 989 486
Total	161 633 760	-	26 604 467	188 238 227	43 377 755	12 013 619	55 391 374	132 846 853

PHOKWANE MUNICIPALITY

APPENDIX C (2) GFS

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation				Accumulated Depreciation			Carrying Value
	Opening Balance	Change in accounting policy	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
Budget & Treasury Office	19 441 546	-	1 224 208	20 665 754	7 302 473	1 835 208	9 137 681	11 528 073
Community & Social Services	3 691 391	-	37 585	3 728 976	1 630 727	306 001	1 936 728	1 792 248
Housing	4 180 233	-	-	4 180 233	695 380	139 341	834 721	3 345 512
Sport & Recreation	5 417 745	-	-	5 417 745	1 810 345	465 238	2 275 583	3 142 162
Waste Management	42 105 646	-	9 908 196	52 013 842	15 015 049	3 909 809	18 924 858	33 088 984
Road Transport	29 738 388	-	7 568 547	37 306 935	3 594 281	1 366 227	4 960 508	32 346 427
Water	35 549 960	-	4 679 313	40 229 273	6 415 063	2 200 248	8 615 311	31 613 962
Electricity	21 508 851	-	3 186 619	24 695 469	6 914 437	1 791 547	8 705 984	15 989 486
Total	161 633 760	-	26 604 467	188 238 227	43 377 755	12 013 619	55 391 374	132 846 853

PHOKWANE MUNICIPALITY

APPENDIX D (1)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPAL VOTES CLASSIFICATION

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
19 784 563	(5 841 670)	13 942 893	Council and Executive Administration	28 550 294	(5 429 526)	23 120 768
-	-	-	Office of the Municipal Manager	5 506	(3 914 979)	(3 909 473)
-	-	-	Internal Audit	-	-	-
37 522 161	(20 045 450)	17 476 712	Finance Admin	3 903 014	(9 270 869)	(5 367 855)
-	-	-	Stores	-	(123 471)	(123 471)
-	-	-	IT	-	(88 530)	(88 530)
-	-	-	Rates and Taxes	20 766 807	-	20 766 807
11 451	(7 281 317)	(7 269 866)	Corporate Services and Development Admin	1 450 648	(7 163 835)	(5 713 187)
-	-	-	LED	1 290	(47 157)	(45 867)
-	-	-	Municipal Buildings	173 250	(915 722)	(742 472)
-	-	-	Estates	44 946	(1 348 482)	(1 303 536)
-	-	-	Ganspan Waterbird Sanctuary	-	(1 289)	(1 289)
-	-	-	Semi-Detached Houses	1 003	(877)	126
86 334	-	86 334	Staff Housing	1 062	(3 122)	(2 060)
-	-	-	Council Motor Vehicle	-	(1 721 902)	(1 721 902)
-	(432 250)	(432 250)	Community Services Admin	15 366	(2 293 676)	(2 278 310)
37 806	(14 728)	23 078	Cemetery	12 535	(272 256)	(259 721)
2 243 342	(4 762 896)	(2 519 554)	Traffic	1 886 671	(2 657 952)	(771 281)
15 894	(3 063 924)	(3 048 030)	Parks and Recreation	-	(1 524 385)	(1 524 385)
-	(530 205)	(530 205)	Clinic	-	(129 125)	(129 125)
-	-	-	Caravan Park	280	(6 627)	(6 347)
8 668	(113 010)	(104 342)	Sports Grounds	5 100	(468 214)	(463 114)
-	-	-	Fire Fighting & Disaster Management	-	589 072	589 072
-	-	-	Motor Vehicle Registration	313 486	(912 894)	(599 408)
5 375	(1 091 729)	(1 086 353)	Library	437 152	(1 321 031)	(883 879)
-	-	-	Vehicle Test Station	90 360	(72 957)	17 403
14 397 768	(17 981 785)	(3 584 017)	Water	21 036 481	(19 741 405)	1 295 076
-	-	-	Water Consumer Connections	9 031	(31 846)	(22 815)
11 610 790	(12 144 437)	(533 647)	Waste Water	18 294 472	(5 419 500)	12 874 971
26 962 011	(19 385 724)	7 576 287	Electricity	37 562 781	(26 546 562)	11 016 219
-	-	-	Electricity Consumer Connections	118 596	(56 790)	61 806
-	(929 142)	(929 142)	Public Works	10 070 169	(7 166 859)	2 903 311
-	-	-	Mechanical Workshop	-	(323 456)	(323 456)
5 251 060	(8 997 639)	(3 746 579)	Refuse	4 959 930	(6 137 235)	(1 177 306)
117 937 225	(102 615 905)	15 321 319	Sub Total	149 710 231	(104 523 460)	45 186 771
6 107 387	(6 107 387)	-	Less Inter-Departmental Charges	1 989 287	(1 989 287)	-
124 044 611	(108 723 292)	15 321 319	Total	151 699 517	(106 512 747)	45 186 771

PHOKWANE MUNICIPALITY

APPENDIX D (2)

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
19 784 563	(6 510 699)	13 273 864	Executive and council	28 555 800	(11 154 937)	17 400 862
37 033 760	(11 904 015)	25 129 745	Budget and treasury office	24 669 821	(9 394 339)	15 275 482
490 897	(7 401 711)	(6 910 814)	Corporate Services	1 668 844	(9 428 040)	(7 759 195)
59 075	(4 472 337)	(4 413 262)	Community and social services	465 053	(3 886 963)	(3 421 910)
8 668	(491 693)	(483 025)	Sport and recreation	5 380	(2 000 514)	(1 995 134)
-	(99 051)	(99 051)	Public Safety	2 290 518	(3 054 731)	(764 213)
86 334	(210 409)	(124 075)	Housing	2 065	(3 999)	(1 934)
-	(765 288)	(765 288)	Health	-	(129 125)	(129 125)
8 956	(4 183 075)	(4 174 119)	Planning and development	1 290	(47 157)	(45 867)
2 243 342	(4 505 306)	(2 261 964)	Road transport	10 070 169	(7 490 315)	2 579 854
		-	Environmental protection	-	-	-
26 962 011	(20 697 405)	6 264 606	Electricity	37 681 377	(26 603 352)	11 078 025
14 397 768	(19 004 168)	(4 606 400)	Water	21 045 512	(19 773 251)	1 272 261
11 610 790	(12 619 566)	(1 008 777)	Water waste management	18 294 472	(5 419 500)	12 874 971
5 251 060	(9 751 183)	(4 500 123)	Waste management	4 959 930	(6 137 235)	(1 177 306)
117 937 225	(102 615 905)	15 321 319	Sub Total	149 710 231	(104 523 460)	45 186 771
6 107 387	(6 107 387)	-	Less Inter-Departmental Charges	1 989 287	(1 989 287)	-
124 044 611	(108 723 292)	15 321 319	Total	151 699 517	(106 512 747)	45 186 771

PHOKWANE MUNICIPALITY

APPENDIX E (1)

**REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION**

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property Rates	6 446 453	8 354 363	(1 907 910)	-22.84%
Grants and Subsidies Received - Operating	73 756 867	44 660 000	29 096 867	65.15%
Public Contributions and Donations	-	-	-	0.00%
Fines	148 863	875 000	(726 137)	-82.99%
Third Party Payments	-	-	-	0.00%
Stock Adjustments	-	-	-	0.00%
Actuarial Gains	-	-	-	0.00%
Property Rates - Penalties & Collection Charges	-	-	-	0.00%
Service Charges	57 513 915	44 389 388	13 124 527	29.57%
Water Services Authority Contribution	-	-	-	0.00%
Rental of Facilities and Equipment	221 246	90 000	131 246	145.83%
Interest Earned - External Investments	547 873	500 000	47 873	9.57%
Interest Earned - Outstanding Debtors	5 873 581	1 800 000	4 073 581	226.31%
Licences and Permits	1 612 185	965 000	647 185	67.07%
Agency Services	694 948	650 000	44 948	6.92%
Other Revenue	2 894 299	1 425 204	1 469 095	103.08%
Unamortised Discount - Interest	-	-	-	0.00%
Dividends Received	-	-	-	0.00%
Contributed PPE	-	-	-	0.00%
Gain on disposal of Property, Plant and Equipment	-	85 000	(85 000)	-100.00%
Total Revenue	149 710 231	103 793 955	45 916 276	44.24%
EXPENDITURE				
Council and Executive Administration	(5 429 526)	(7 240 652)	1 811 126	-25.01%
Office of the Municipal Manager	(3 914 979)	(6 009 431)	2 094 452	-34.85%
Finance Admin	(9 508 434)	(9 402 296)	(106 138)	1.13%
Corporate Services and Development Admin	(7 163 835)	(3 612 653)	(3 551 182)	98.30%
LED	(47 157)	(146 187)	99 030	-67.74%
Municipal Buildings	(1 166 423)	(1 550 828)	384 405	-24.79%
Estates	(1 348 482)	(1 180 127)	(168 355)	14.27%
Ganspan Waterbird Sanctuary	(1 289)	(39 600)	38 311	-96.74%
Semi-Detached Houses	(877)	(49 687)	48 810	-98.23%
Staff Housing	(3 122)	(62 687)	59 565	-95.02%
Council Motor Vehicle	(1 721 902)	(3 616 250)	1 894 348	-52.38%
Community Services Admin	(2 293 676)	(1 040 642)	(1 253 034)	120.41%
Cemetery	(272 256)	(102 625)	(169 631)	165.29%
Traffic	(2 657 952)	(2 605 771)	(52 181)	2.00%
Parks and Recreation	(1 524 385)	(1 597 647)	73 262	-4.59%
Clinic	(138 528)	-	(138 528)	0.00%
Caravan Park	(8 114)	(188 499)	180 385	-95.70%
Sports Grounds	(468 214)	(242 935)	(225 279)	92.73%
Fire Fighting and Disaster Management	589 072	(135 869)	724 941	-533.56%
Motor Vehicle Registration	(912 894)	(1 318 045)	405 151	-30.74%
Library	(1 321 031)	(1 636 227)	315 196	-19.26%
Vehicle Test Station	(80 855)	(436 519)	355 664	-81.48%
Water	(26 700 758)	(31 457 073)	4 756 315	-15.12%
Electricity (Street Lighting)	(26 603 352)	(28 223 394)	1 620 042	-5.74%
Public Works	(7 353 003)	(5 973 234)	(1 379 769)	23.10%
Mechanical Workshop	(323 539)	(457 980)	134 441	-29.36%
Refuse	(6 137 235)	(5 862 604)	(274 631)	4.68%
Less Internal Charges	1 989 287	10 395 507	(8 406 220)	-80.86%
Total Expenditure	(104 523 460)	(103 793 955)	(729 505)	0.70%
SURPLUS / (DEFICIT) FOR THE YEAR	45 186 771	-	45 186 771	

The expenditure above includes non-cash items to the amount of R12 089 554

PHOKWANE MUNICIPALITY

APPENDIX E (2)

REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property Rates	6 446 453	8 354 363	(1 907 910)	-22.84%
Grants and Subsidies Received - Operating	73 756 867	44 660 000	29 096 867	65.15%
Public Contributions and Donations	-	-	-	0.00%
Fines	148 863	875 000	(726 137)	-82.99%
Third Party Payments	-	-	-	0.00%
Stock Adjustments	-	-	-	0.00%
Actuarial Gains	-	-	-	0.00%
Property Rates - Penalties & Collection Charges	-	-	-	0.00%
Service Charges	57 513 915	44 389 388	13 124 527	29.57%
Water Services Authority Contribution	-	-	-	0.00%
Rental of Facilities and Equipment	221 246	90 000	131 246	145.83%
Interest Earned - External Investments	547 873	500 000	47 873	9.57%
Interest Earned - Outstanding Debtors	5 873 581	1 800 000	4 073 581	226.31%
Licences and Permits	1 612 185	965 000	647 185	67.07%
Agency Services	694 948	650 000	44 948	6.92%
Other Revenue	2 894 299	1 425 204	1 469 095	103.08%
Unamortised Discount - Interest	-	-	-	0.00%
Dividends Received	-	-	-	0.00%
Contributed PPE	-	-	-	0.00%
Gain on disposal of Property, Plant and Equipment	-	85 000	(85 000)	-100.00%
Total Revenue	149 710 231	103 793 955	45 916 276	44.24%
EXPENDITURE				
Executive and council	(11 154 937)	(17 294 461)	6 139 524	-35.50%
Budget and treasury office	(19 098 644)	(8 826 767)	(10 271 877)	116.37%
Corporate Services	-	(6 343 608)	6 343 608	-100.00%
Community and social services	(3 886 963)	(2 779 494)	(1 107 469)	39.84%
Sport and recreation	(2 002 002)	(2 068 681)	66 679	-3.22%
Public Safety	(3 062 630)	(4 496 204)	1 433 574	-31.88%
Housing	(3 999)	(112 374)	108 375	-96.44%
Health	(138 528)	-	(138 528)	0.00%
Planning and development	(47 157)	(146 187)	99 030	-67.74%
Road transport	(7 676 542)	(6 431 214)	(1 245 328)	19.36%
Environmental protection	-	-	-	0.00%
Electricity	(26 603 352)	(28 223 394)	1 620 042	-5.74%
Water	(20 561 424)	(19 851 650)	(709 774)	3.58%
Water waste management	(6 139 334)	(11 605 423)	5 466 089	-47.10%
Waste management	(6 137 235)	(5 862 604)	-	-
Less: Interdepartmental Charges	1 989 287	10 248 106	(8 258 819)	-80.59%
Total Expenditure	(104 523 460)	(103 793 955)	(454 874)	0.44%
SURPLUS / (DEFICIT) FOR THE YEAR	45 186 771	-	45 461 402	

The expenditure above includes non-cash items to the amount of R12 089 554

PHOKWANE MUNICIPALITY

APPENDIX E (3)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
MUNICIPAL VOTES CLASSIFICATION**

	2010 Actual	2010 Budget	2010 Variance	2010 Variance
	R	R	R	%
Finance Admin	1 224 208	-	1 224 208	100%
Corporate Services and Development Admin	-	1 040 000	(1 040 000)	-100.00%
Community Services Admin	37 585	-	37 585	100%
Water	4 679 313	2 460 000	2 219 313	90.22%
Water Consumer Connections		8 200 000	(8 200 000)	-100.00%
Waste Water	-	6 700 000	(6 700 000)	-100.00%
Electricity	3 186 619	-	3 186 619	100%
Electricity Consumer Connections		-	-	#DIV/0!
Public Works	7 568 547	2 621 000	4 947 547	188.77%
Mechanical Workshop		-	-	#DIV/0!
Refuse	9 908 196	-	9 908 196	100%
Total	26 604 467	21 021 000	5 583 467	26.56%

PHOKWANE MUNICIPALITY

APPENDIX E (4)

**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
AQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGABLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2010 Actual	2010 Budget	2010 Variance	2010 Variance
	R	R	R	%
Budget and treasury office	1 224 208	-	1 224 208	100.00%
Corporate Services	-	1 040 000	(1 040 000)	-100.00%
Community and social services	37 585	-	37 585	100.00%
Road transport	7 568 547	2 621 000	4 947 547	188.77%
Electricity	3 186 619	-	3 186 619	100.00%
Water	4 679 313	10 660 000	(5 980 687)	-56.10%
Water waste management	-	6 700 000	(6 700 000)	-100.00%
Waste management	9 908 196	-	9 908 196	100.00%
Total	26 604 467	21 021 000	5 583 467	26.56%

PHOKWANE MUNICIPALITY

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Correction of error/ Transfers	Restated balance 1 JULY 2009	Contributions during the year	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
	R	R	R	R	R	R	R
Equitable Share	-	-	-	40 700 841	40 700 841	-	-0
DWAF - Sedibeng	-	-	-	2 367 000	2 367 000	-	-
MIG Grant	(2 025 207)	-	(2 025 207)	18 805 000	-	20 250 821	-3 471 028
Housing Subsidy Grant	59 300	-	59 300	-	-	-	59 300
MSIG	131 729	-	131 729	850 000	386 103	176 091	419 535
Tlhagadillijang Elec. DME	(329 798)	-	(329 798)	-	-	-	-329 798
Library Pampierstad Grant	(20 452)	-	(20 452)	-	-	-	-20 452
Library Hartswater Grant	551 845	-	551 845	484 000	447 914	-	587 932
J/Kemp housing/Pampierstad	137 581	-	137 581	-	-	-	137 581
EPWP Taxi Rank	2 624 430	-	2 624 430	-	-	-	2 624 430
S E T A	1 053	-	1 053	-	-	-	1 053
Elec. Substation-Frances Baa	53 315	-	53 315	-	-	-	53 315
NLDTF LOTTO	(50 585)	-	(50 585)	-	-	-	-50 585
Creche : Bonita Park	3 546	-	3 546	-	-	-	3 546
49 Houses/Water - DPLG (NC)	5 418	-	5 418	-	-	-	5 418
DWAF - Referbishment	1 501 142	-	1 501 142	-	-	3 775 645	-2 274 503
Financial Managment Grant	(153 294)	-	(153 294)	750 000	419 623	127 391	49 691
Sapo	3 497	-	3 497	-	-	-	3 497
Sport Development	22 908	-	22 908	3 450	-	8 936	17 422
Thagadipilejang Fund	(21 341)	-	(21 341)	-	-	-	-21 341
FBDM O&M	593 187	-	593 187	1 623 151	1 291 658	781 181	143 499
EPWP Bonita Park	213 727	-	213 727	-	-	-	213 727
DWAF Water loss	164 992	-	164 992	-	-	-	164 992
DME grant - Ganspan Electrification	-	-	-	2 442 600	-	3 023 662	-581 062
Total	3 466 993	-	3 466 993	68 026 042	45 613 139	28 143 728	(2 263 832)